

THE WHITE HOUSE

WASHINGTON

January 5, 1996

The Honorable Arthur Levitt, Jr.  
Chair  
Securities and Exchange Commission  
Washington, D.C. 20549

Dear Mr. Levitt:

The enactment into law of H.R. 1058, the securities litigation reform act, creates both opportunities and potential pitfalls for United States securities markets. While some of the act's provisions are likely to increase the amount of information available to investors, and thus enhance market efficiency, a number of other sections may reduce the ability of investors to seek redress for damages resulting from arguably fraudulent activities.

I believe it is important that the Securities and Exchange Commission, as the government agency directly charged with implementing the securities laws and protecting investors, monitor the implementation and impact of this legislation carefully -- and increase enforcement and rulemaking activities if necessary. The budget plan I submitted to Congress on December 7 authorizes and expands fees assessed upon transactions in the securities and bond markets. Combined with future appropriations, these fees will improve the Commission's ability to enforce securities laws and to protect investors.

I also believe it will be useful for the Commission to advise me and the Congress within a year about the impact of the act on the effectiveness of the securities laws and on investor protection, and on the extent and nature of any litigation under the act. In the event there are indications that portions of the act are having a negative impact on the integrity of our markets, I hope the Commission will recommend amendments.

It is my sincere hope that the new act's benefits will far outweigh any problems. I welcome your assistance in accomplishing this result.

Sincerely,

*Bill Clinton*

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